

sec news digest

Issue 88-237

December 12, 1988

NOTICE OF COMMISSION MEETINGS

CHANGE IN THE MEETING: TIME CHANGE

The closed meeting scheduled for Tuesday, December 13 at 10:00 a.m. will held at 9:30 a.m.; the open meeting will held at 10:00 a.m. instead of 11:00 a.m.

ADMINISTRATIVE PROCEEDINGS

PROCEEDINGS INSTITUTED AND SETTLED AGAINST GARY A. KAKU

The Commission instituted public administrative proceedings under the Securities Exchange Act of 1934 against Gary A. Kaku, a registered representative located in San Diego, California. Without admitting or denying the Commission's findings, Kaku consented to the sanctions imposed by the Commission.

The Order finds that Kaku was enjoined by the U.S. District Court for the Western District of Washington on November 16, 1988, prohibiting future violations of Sections 5 and 17(a)(2) and (3) of the Securities Act of 1933 and Section 15(a) of the Exchange Act. The Complaint arose out of Kaku's sale of limited partnership interests intended to provide financing for Pulsar Oil and Gas, Inc., a public company. The Complaint alleged that the partnership interests were not registered with the Commission, and that Kaku was not registered with the Commission as a broker or dealer, and that Kaku disseminated false and misleading information and failed to disclose material information about the partnerships and Pulsar. The Order suspends Kaku from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer for 60 days. (Rel. 34-26338)

MICHAEL F. CALLAHAN BARRED

The Commission accepted an Offer of Settlement submitted by Michael F. Callahan in response to the Commission's institution of public administrative proceedings under Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 against Callahan on June 22. Callahan, without admitting or denying the allegations, consented to Findings and an Order Imposing Remedial Sanctions which find that he willfully violated the antifraud provisions of the Securities Act of 1933 and the Exchange Act and Rule 10b-5, by recommending that his customers purchase shares of common stock of Airwave Communications Corp. of America without having a sound and adequate basis for such recommendations.

Accordingly, the Commission barred Callahan from any association with any broker, dealer, investment company, investment adviser, or municipal securities dealer with the right to reapply to become so associated in three years. (Rel. 34-26340)

CIVIL PROCEEDINGS

FINAL JUDGMENT OF PERMANENT INJUNCTION ENTERED AGAINST NEFCO FINANCIAL SERVICES, INC. AND RECEIVER APPOINTED

The Fort Worth Regional Office announced that on November 23 U.S. District Judge Oren Harris, Western District of Arkansas, signed an Order of Final Judgment of Permanent Injunction and Other Equitable Relief by Default against NEFCO Financial Services, Inc. enjoining NEFCO from future violations of the antifraud provisions of the securities laws. Judge Harris additionally ordered NEFCO to disgorge \$3.8 million and appointed a receiver for NEFCO's assets.

The August 19 Complaint alleges that Gene N. Flannes, owner and president of NEFCO, offered and sold securities through NEFCO from July 1982 through April 1988, raising approximately \$3.8 million from over 120 investors in at least seven states. It also alleges that Flannes misappropriated and converted the majority of the funds for his own use. It further alleges that misrepresentations and omissions of material fact were made by Flannes in connection with the offer and sale of securities concerning, among other things, the use of proceeds and the risks and returns associated with the investments.

Flannes, who has also been indicted for mail and wire fraud based on these same securities transactions, fled to Arkansas. His whereabouts are unknown. (SEC v. Gene N. Flannes and NEFCO Financial Services, Inc., USDC WDAR, Civil Action No. 88-6086). (LR-11937)

INVESTMENT COMPANY ACT RELEASES

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

A notice has been issued giving interested persons until December 29 to request a hearing on an application filed by the National Rural Utilities Cooperative Finance Corporation (Applicant), on behalf of certain trusts (Trusts) established or to be established by Applicant, requesting an order exempting the Trusts from all provisions of the Investment Company Act other than Sections 26 (with certain exceptions), 36, 37 and (to the extent necessary to implement the foregoing Sections) 38 through 53 thereof in connection with the issuance of notes guaranteed by the Rural Electrification Administration evidencing loans used to refinance borrowings from the Federal Financing Bank. (Rel. IC-16681 - Dec. 7)

SEA CASH MANAGEMENT FUND, INC.

An order has been issued declaring that Sea Cash Management Fund, Inc. has ceased to be an investment company. (Rel. IC-16682 - Dec. 7)

GOLDEN AMERICAN LIFE INSURANCE COMPANY

An order has been issued exempting Golden American Life Insurance Company, Western Capital Specialty Managers Separate Account B, (Account) and Directed Services, Inc. from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the Investment Company Act to permit the deduction of mortality and expense risk charges and a guaranteed death benefit charge from the Account in connection with the issuance of certain variable annuity contracts. (Rel. IC-16683 - Dec. 7)

HOLDING COMPANY ACT RELEASES

COLUMBIA GAS SYSTEM, INC.; HAWAIIAN ELECTRIC INDUSTRIES, INC.

Notices have been issued giving interested persons until January 3, 1989 to request a hearing on a proposal by the following companies filed under Release 35-24770, dated December 8: COLUMBIA GAS SYSTEM, INC. - a registered holding company, to issue and sell up to \$200 million of its medium-term notes with maturities of up to 30 years, under a deviation from the Commission's Statement of Policy Regarding First Mortgage Bonds Subject to the Public Utility Holding Company Act of 1935 regarding sinking fund requirements. A supplemental notice was issued; and HAWAIIAN ELECTRIC INDUSTRIES, INC. - an exempt public-utility holding company, and its subsidiaries, Hawaiian Electric Company, Inc. and Maui Electric Company, Limited, to acquire all of the common stock of Molokai Electric Company, Limited, a nonassociated electric utility company operating on the Island of Molokai in Hawaii.

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The Philadelphia Stock Exchange filed a proposed rule change under Rule 19b-4 (SR-Phlx-88-37) to change the unit of trading of the french france foreign currency options from 125,000 francs to 250,000 francs and to modify the minimum fractional change for

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, Address and Phone Number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

- S-8 FIRST COMMERCIAL BANCSHARES INC, 200 W 18TH ST, JASPER, AL 35501 (205) 221-3121 - 300,000 (\$6,450,000) COMMON STOCK. (FILE 33-25786 - NOV. 29) (BR. 2)
- S-1 HOH WATER TECHNOLOGY CORP, 3481 OLD CONEJO RD STE 103, NEWBURY PARK, CA 91320 (805) 499-0507 - 1,296,224 (\$4,666,406.40) COMMON STOCK. (FILE 33-25791 - NOV. 30) (BR. 9)
- S-8 BURLINGTON NORTHERN INC/DE/, 999 THIRD AVE, SEATTLE, WA 98104 (206) 467-3838 - 500,000 (\$36,187,500) COMMON STOCK. (FILE 33-25806 - DEC. 01) (BR. 5)
- S-3 FIRST ILLINOIS CORP, 800 DAVIS ST, EVANSTON, IL 60204 (312) 866-6000 - 606,633 (\$7,772,485.31) COMMON STOCK. (FILE 33-25811 - DEC. 01) (BR. 2)
- S-8 CROP GENETICS INTERNATIONAL CORP, 7170 STANDARD DR, HANOVER, MD 21076 (301) 621-2900 - 453,920 (\$3,858,400) COMMON STOCK. (FILE 33-25815 - DEC. 01) (BR. 3)
- N-2 LEE T H ACQUISITION FUND II L P, ONE BOSTON PL STE 3207, BOSTON, MA 02108 (617) 227-1050 - 300,000 (\$300,000,000) LIMITED PARTNERSHIP CERTIFICATE. UNDERWRITER: MERRILL LYNCH CAPITAL MARKETS. (FILE 33-25816 - DEC. 01) (BR. 17 - NEW ISSUE)
- S-3 UNION CORP, 50 WASHINGTON ST, SOUTH NORWALK, CT 06854 (203) 866-1099 - 1,728,750 (\$22,905,937.50) COMMON STOCK. (FILE 33-25818 - DEC. 01) (BR. 10)
- S-11 PRUDENTIAL BACHE FINANCIAL ASSET FUNDING CORP, PRUDENTIAL PLAZA, SIXTH FLOOR, NEWARK, NJ 07101 (201) 877-8459 - 3,000,000,000 (\$3,000,000,000) MORTGAGE BONDS. UNDERWRITER: PRUDENTIAL BACHE CAPITAL FUNDING. (FILE 33-25850 - DEC. 01) (BR. 25)
- S-8 JAMES RIVER CORP OF VIRGINIA, TREDEGAR ST, RICHMOND, VA 23219 (804) 644-5411 - 56,188,000 (\$56,188,000) COMMON STOCK. (FILE 33-25851 - DEC. 01) (BR. 8)
- S-8 WINSTON RESOURCES INC, 535 FIFTH AVE, NEW YORK, NY 10017 (212) 557-5000 - 150,000 (\$394,500) COMMON STOCK. (FILE 33-25852 - DEC. 01) (BR. 6)
- S-8 STAFF BUILDERS INC /DE/, 1981 MARCUS AVE, STE C115, LAKE SUCCESS, NY 11042 (516) 358-1000 - 1,500,000 (\$12,555,000) COMMON STOCK. (FILE 33-25853 - DEC. 01) (BR. 6)
- S-8 STAFF BUILDERS INC /DE/, 1981 MARCUS AVE, STE C115, LAKE SUCCESS, NY 11042 (516) 358-1000 - 1,000,000 (\$8,370,000) COMMON STOCK. (FILE 33-25854 - DEC. 01) (BR. 6)
- S-8 S Y BANCORP INC, 1040 E MAIN ST, LOUISVILLE, KY 40206 (502) 582-2571 - 151,455 (\$3,029,100) COMMON STOCK. (FILE 33-25855 - DEC. 01) (BR. 1)
- S-8 FRANCHISEIT CORP, 159 KEYLAND COURT, BOHEMIA, NY 11716 (516) 563-8400 - 200,000 (\$128,200) COMMON STOCK. (FILE 33-25857 - DEC. 01) (BR. 6)
- S-8 CRAY RESEARCH INC, 608 SECOND AVE S, MINNEAPOLIS, MN 55402 (612) 333-5889 - 1,500,000 (\$82,500,000) COMMON STOCK. (FILE 33-25858 - DEC. 01) (BR. 10)
- S-8 CENTENNIAL BENEFICIAL CORP, 282 S ANITA DR, ORANGE, CA 92668 (714) 634-9200 - 1,250,000 (\$3,900,000) COMMON STOCK. (FILE 33-25859 - DEC. 01) (BR. 1)
- S-8 SUN MICROSYSTEMS INC, 2550 GARCIA AVE M/S 7-22, MOUNTAIN VIEW, CA 94043 (415) 960-1300 - 8,200,000 (\$109,675,000) COMMON STOCK. (FILE 33-25860 - DEC. 01) (BR. 10)

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events.
- Item 6. Resignations of Registrant's Directors.
- Item 7. Financial Statements and Exhibits.

The companies listed below have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Room (when ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

NAME OF ISSUER	STATE CODE	8K ITEM NO.							DATE	COMMENT
		1	2	3	4	5	6	7		
UNITED HERITAGE CORP	UT				X				03/31/88	
UNITED HERITAGE CORP	UT				X				03/31/88	AMEND
UNITED INSURANCE COMPANIES INC	DE				X				11/28/88	
UNITED STATES LEASING CORP/CA/	CA				X	X			11/18/88	
UNITED STATES LEASING INTERNATIONAL INC	DE				X	X			11/18/88	
UNITED STATES MUTUAL FINANCIAL CCRP	MI				X	X			10/15/88	
UNOCAL CORP/DE	DE				X				12/02/88	
UPLAND MINERALS & CHEMICAL CORP	DE				X				12/02/88	
LS ENERGY CORP	WY				X				11/23/88	
USA GROWTH INC	DE						X		08/19/88	AMEND
VERMONT RESEARCH CORP/NEW	VT					X	X		11/23/88	
VERONEX RESOURCES LTD				X			X		07/29/88	
VERONEX RESOURCES LTD				X			X		11/17/88	
VIACOM INTERNATIONAL INC /OH/	OH					X			11/15/88	
VULCAN CORP	OH			X					11/16/88	
WOODSTREAM CORP	PA	X			X	X			11/21/88	